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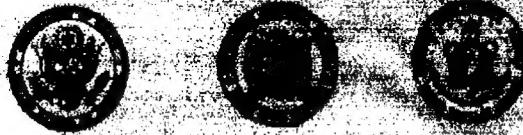
CIA/CPAS NID 90-129JX...



Director of Central Intelligence

NATIONAL INTELLIGENCE DAILY

Monday, 4 June 1990



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CPAS NID 90-129JX

4 June 1990

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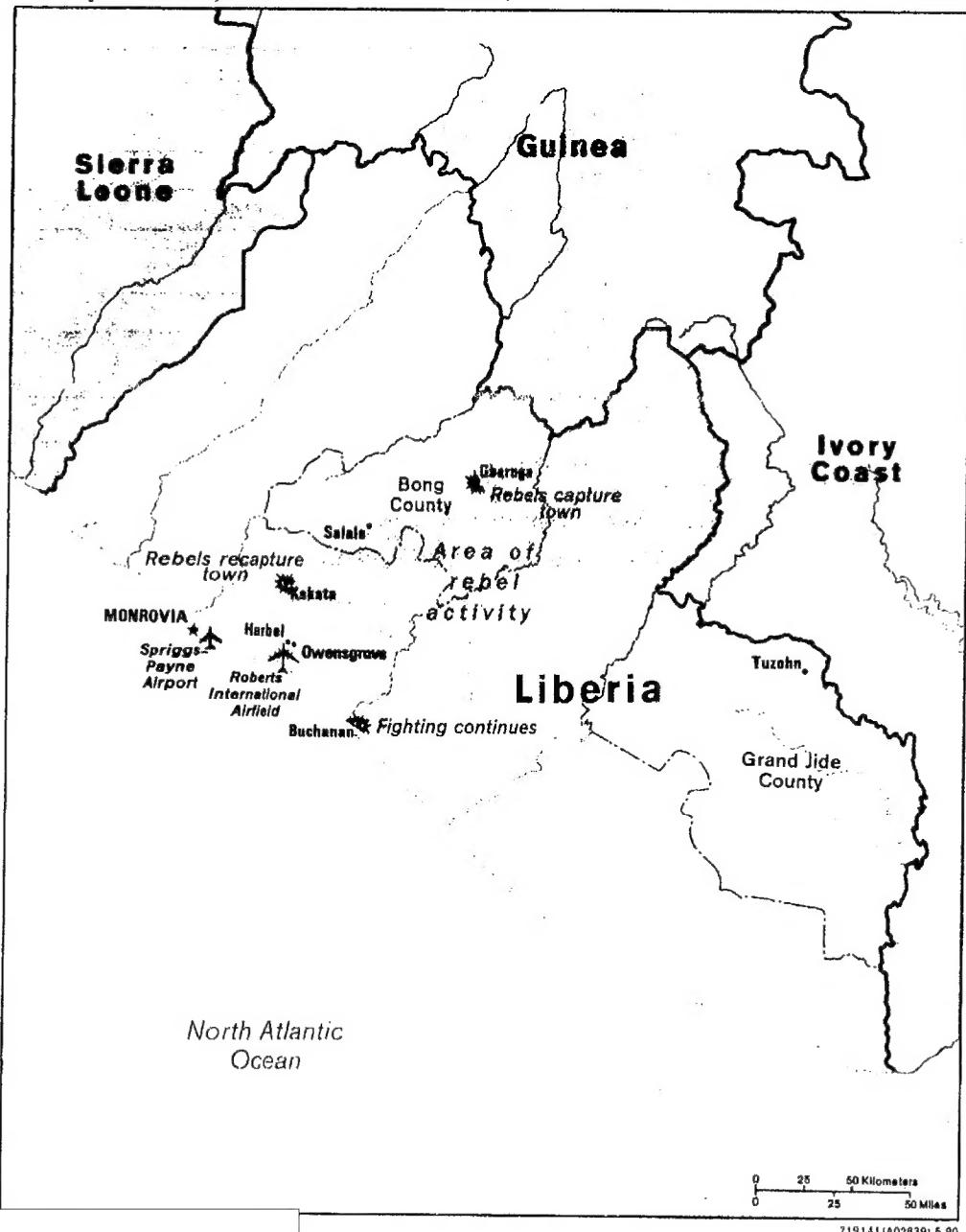
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Military Situation, 3 June 1990



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LIBERIA:

Rebels Closing In

The rebels launched military and diplomatic offensives over the weekend designed to undercut support for President Doe.

The rebels have taken Owensgrove and Harbel, [redacted] and probably have de facto control of Roberts International Airfield. The army reportedly plans to counterattack. Although the rebels control Buchanan, fighting continued there over the weekend, and the army still maintained a toehold at the port. Press reports indicate the rebels have gained control of Gbarnga, and an army unit disclosed the rebels have retaken Kakata. [redacted]

A rebel spokesman said Friday the rebels have dropped their demand that Doe surrender and stand trial. If Doe leaves the country, the insurgents would agree to work with the existing bureaucracy and legislature to set up an interim government. [redacted]

There are signs the arrival of US Navy ships has slightly eased tensions in Monrovia. Many Liberians apparently believe US troops will intervene if the fighting reaches Monrovia. [redacted]

Comment: The sudden surge in the rebels' offensives this weekend probably is aimed at creating enough pressure to bring about the fall of the regime without having to fight for the capital. Their unexpected willingness to work with the bureaucracy probably will add to the number of Monrovians eager to push Doe aside and end the chaos in Liberia. [redacted]

Although there have been few signs so far of a backlash against US citizens, once it becomes clear the US Navy's mission is limited to evacuating Americans, the perception that the US is abandoning Liberia could foster anti-US sentiment. [redacted]

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Reaction in Western Europe

Initial reaction from NATO countries has been primarily in press commentaries and is generally positive. West German Chancellor Kohl, in the first high-level reaction available, said the summit had improved the international framework for German unification and expressed confidence that remaining problems, including the issue of alliance membership, can be resolved. Most newspapers stressed the cordial atmosphere at the summit and saw it as restoring the momentum of improved relations between the superpowers. A number of editorialists welcomed the progress on arms control, although some West German commentators voiced disappointment that President Gorbachev did not soften his objections to a united Germany's membership in NATO.

On balance, the West European media see the summit as a success for Gorbachev because he achieved much of what he wanted on trade issues without making concessions on Germany or Lithuania. Several commentators, however, expressed skepticism that the summit would help Gorbachev much at home.

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USSR:

Reaction to the Summit

President Gorbachev undoubtedly has come from the summit buoyed and in a stronger domestic position; Soviet commentaries have unanimously acclaimed the summit unusually productive and successful.

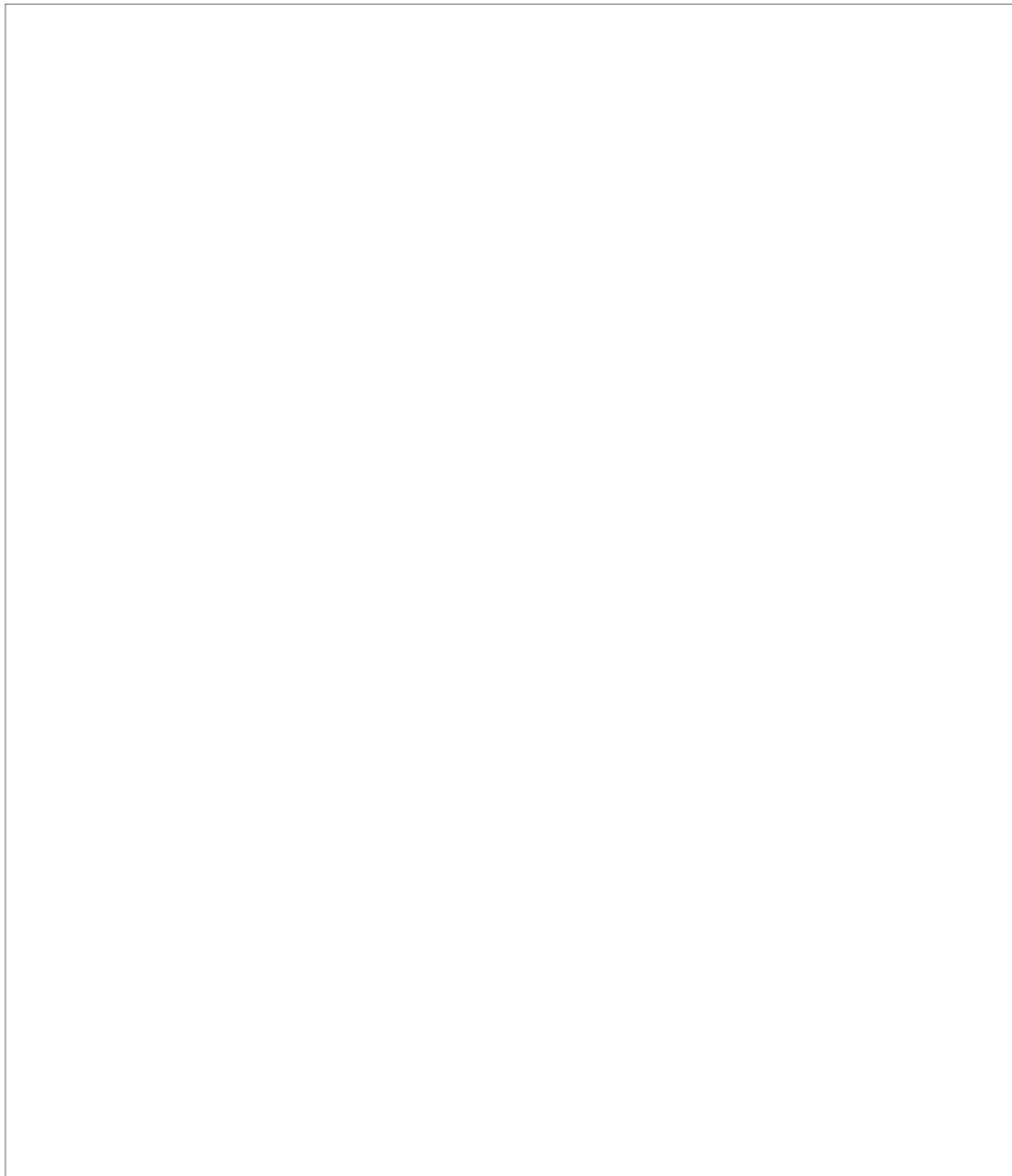
Comments by Gorbachev stressing President Bush's vision, wisdom, and willingness to achieve "real results" have been widely replayed in the Soviet media. The Soviets have portrayed the significance of the summit as extending far beyond the specific agreements signed, noting the importance of coming to understandings about global changes under way and citing plans for two more summits this year as proof of a major break from the Cold War.

Comment: With progress in arms control and a trade agreement in hand, Gorbachev goes home able to show new momentum on foreign policy without having his hands tied on Lithuania. He almost certainly will argue that the trade agreement symbolizes US commitment to provide some economic relief. He also can counter domestic critics of his foreign and arms control policies by pointing to his tough position on Germany and US agreement to remain broadly engaged in follow-on talks.

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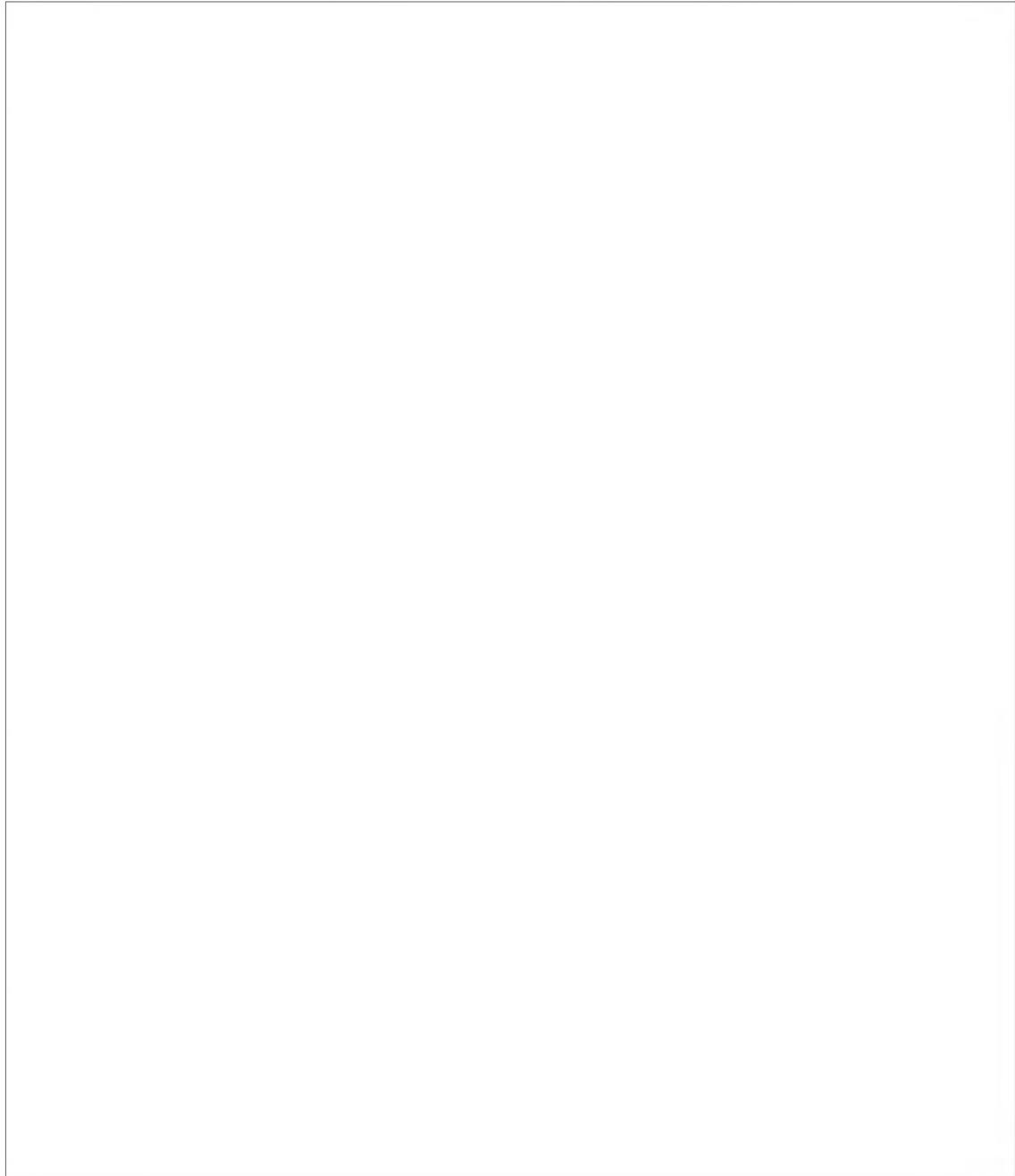
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SOUTH KOREA: Discouraging Luxury Imports

Seoul's new campaign to discourage imports of selected consumer goods is intended to please a public increasingly focused on social equity issues; it probably will have little economic impact, including on imports of specific US products to which South Korea has promised to open its market.

The South Korean press reports that MTI's Trade Committee will investigate 200 consumer imports and restrict those judged to harm domestic industry. The Korea Trade Commission reportedly will study whether imports of home appliances, chocolates, clothing, and other goods are harming domestic producers. The media report the government will tighten testing of imported consumer goods for safety and environmental standards, and Korean trade associations are telling their members to curb purchases of luxury goods.

Comment: Recent opinion polls show the South Korean public is outraged by the conspicuous consumption exhibited by many wealthy Koreans. The government apparently hopes to convince voters that addressing income inequities has become a priority policy issue.

Although government planners are concerned about the \$1 billion trade deficit in the first quarter of this year, consumer goods account for less than 10 percent of imports. The government would be reluctant to restrict severely a broader range of imports; higher tariffs and the imposition of quotas would hinder efforts to slow inflation and facilitate industrial restructuring. Seoul, moreover, also is aware that backtracking on promises to open its markets would evoke a negative reaction from the US, South Korea's largest export market.

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**Taiwan: Trade With Japan,
1980-89**

Billion US \$

16

14

12

10

Exports

Imports

8

6

4

2

0

1980 81 82 83 84 85 86 87 88 89

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TAIWAN: Reacting to Trade Deficit With Japan

Taiwan announced on Thursday it will reduce Japanese machinery imports, restrict Tokyo's participation in bidding for public projects, and investigate its alleged dumping of goods in Taiwan markets. Taiwan ran a \$7 billion trade deficit with Japan last year; the deficit grew at a 2-percent annual rate through April to reach \$2.5 billion so far this year, almost offsetting Taiwan's trade surplus with the US for the first time. President Li Teng-hui recently publicly criticized Tokyo's cautious handling of unofficial relations, blaming the inability to resolve the trade imbalance on Japan's unwillingness to allow bilateral ministerial talks.

Comment: Taipei views the bilateral deficit as a major threat to its economic stability, but the new measures are similar to others Taiwan has implemented to restrict Japanese imports and will do little to ease its dependence on the Japanese market. If the deficit with Japan continues to grow, Taipei probably will be increasingly reluctant to make trade concessions to Washington that might reduce its surplus with the US.

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In Brief

USSR

- Lithuanian President Landsbergis said yesterday he, Russian Republic leader Yel'tsin will soon sign trade agreement ... reportedly agreed last week on process to discuss terms ... suggests Yel'tsin moving to challenge Soviets' Baltic policy.
- Surrounding oblasts curtailing meat, milk, vodka, other deliveries to Moscow ... retaliating for Soviet city's ban on food sales to nonresidents ... supplies already low, effects likely to show within two weeks if negotiations fail.
- Unloading of scarce meat, butter, fruit lagging at Soviet Far East ports ... refrigerator car shortages, bureaucratic squabbles blamed ... holdup will aggravate already tight food situation.

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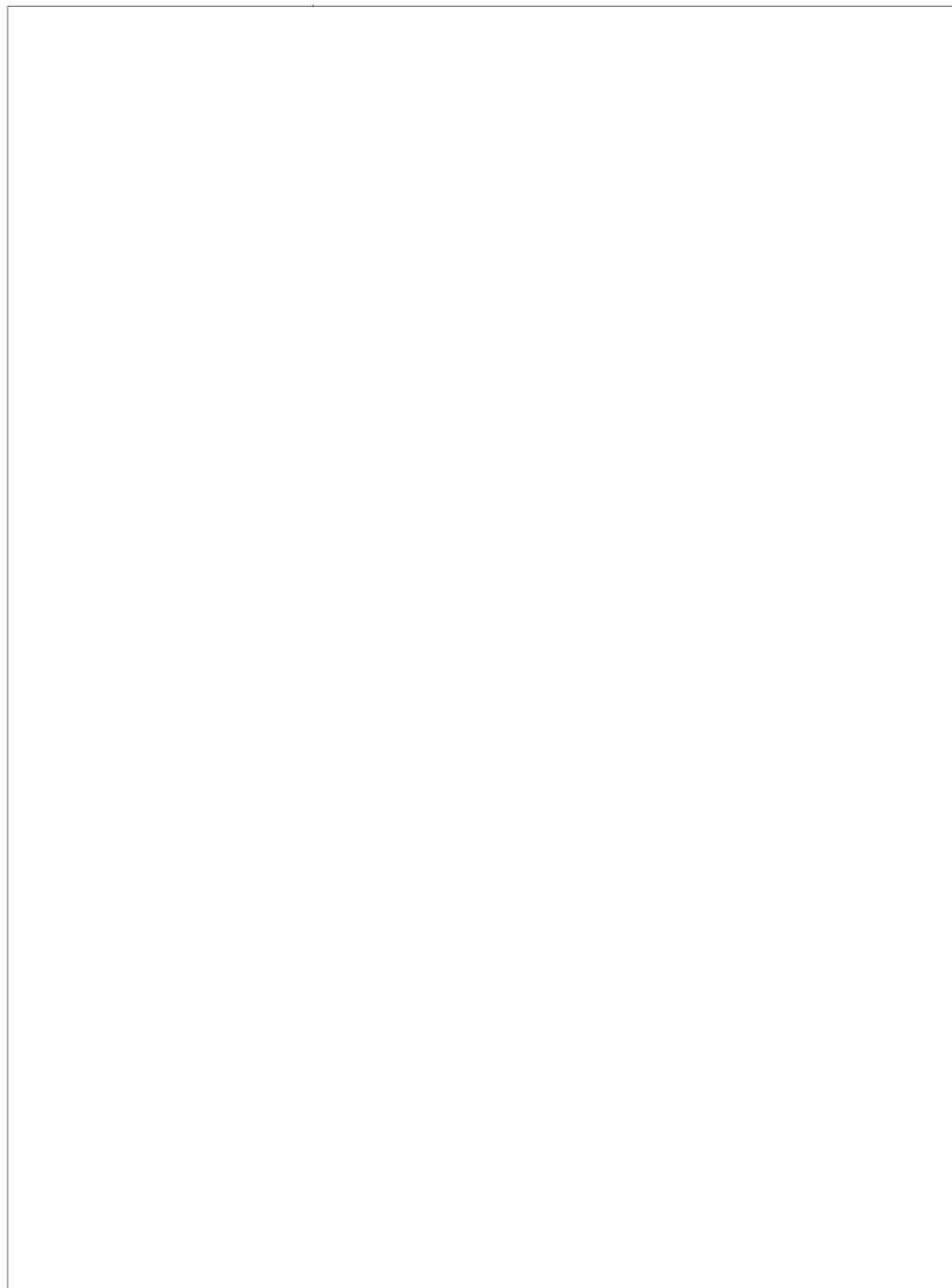


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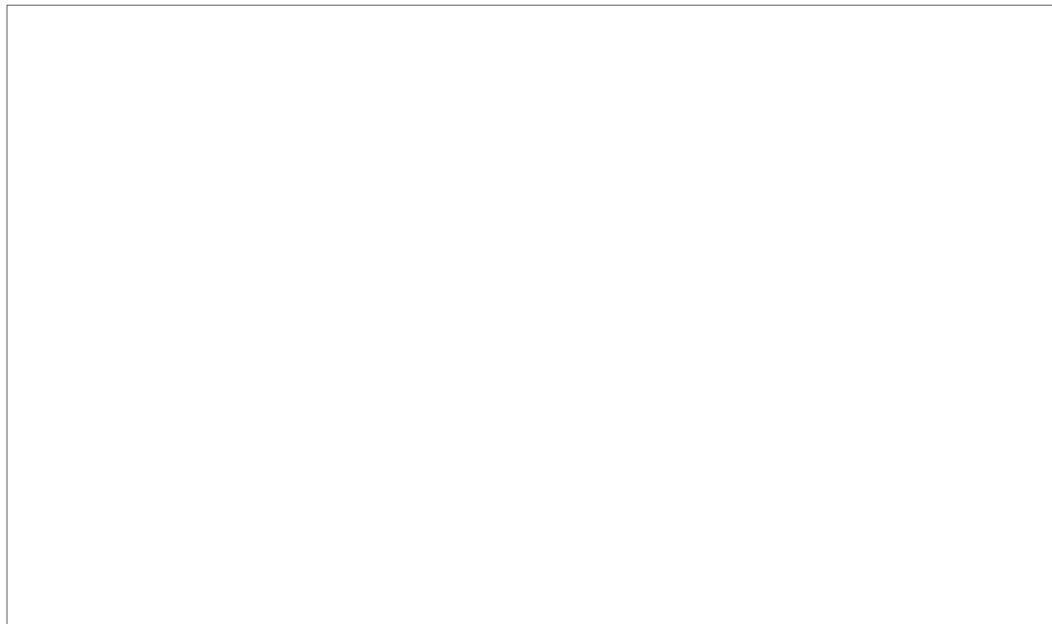


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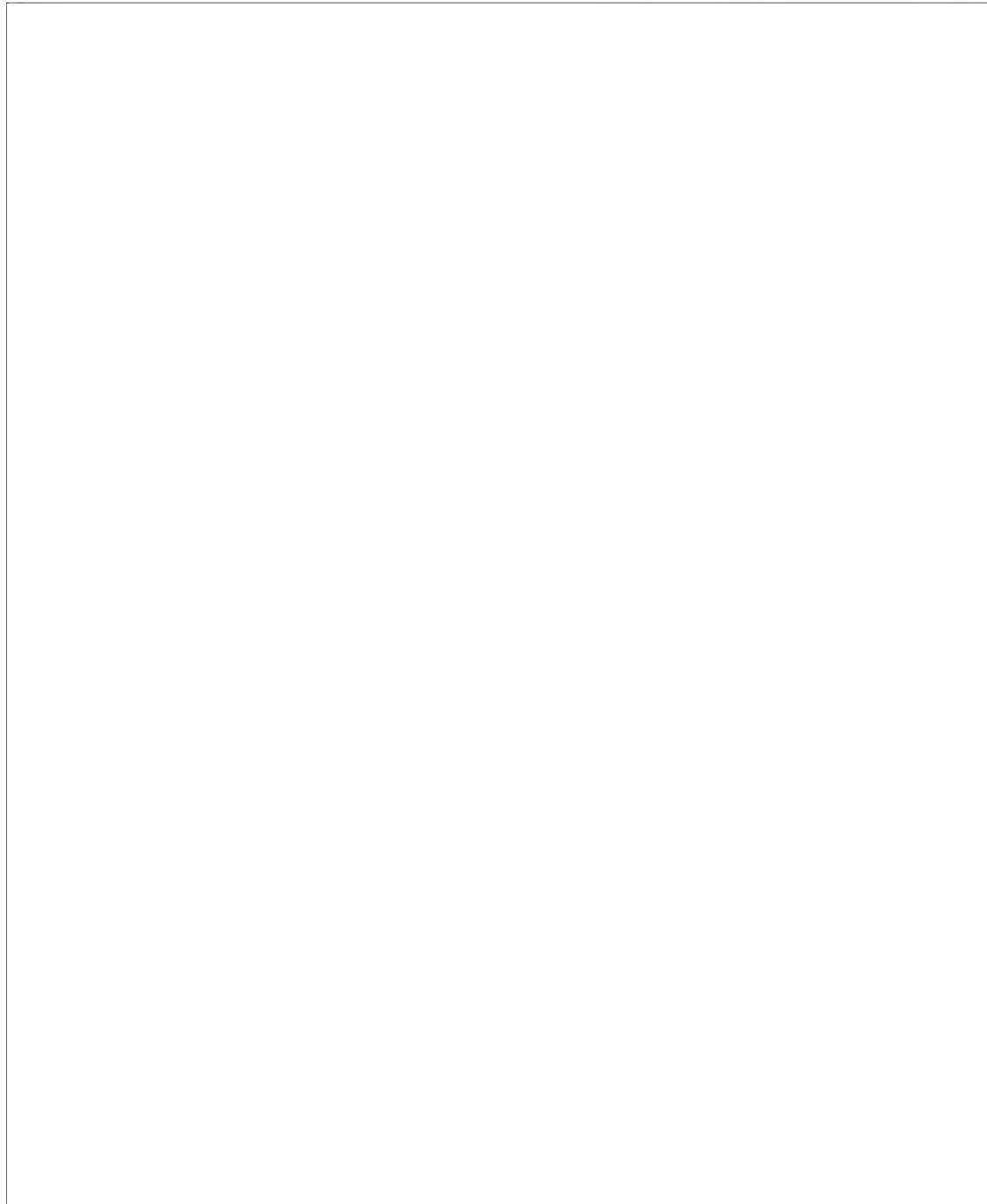
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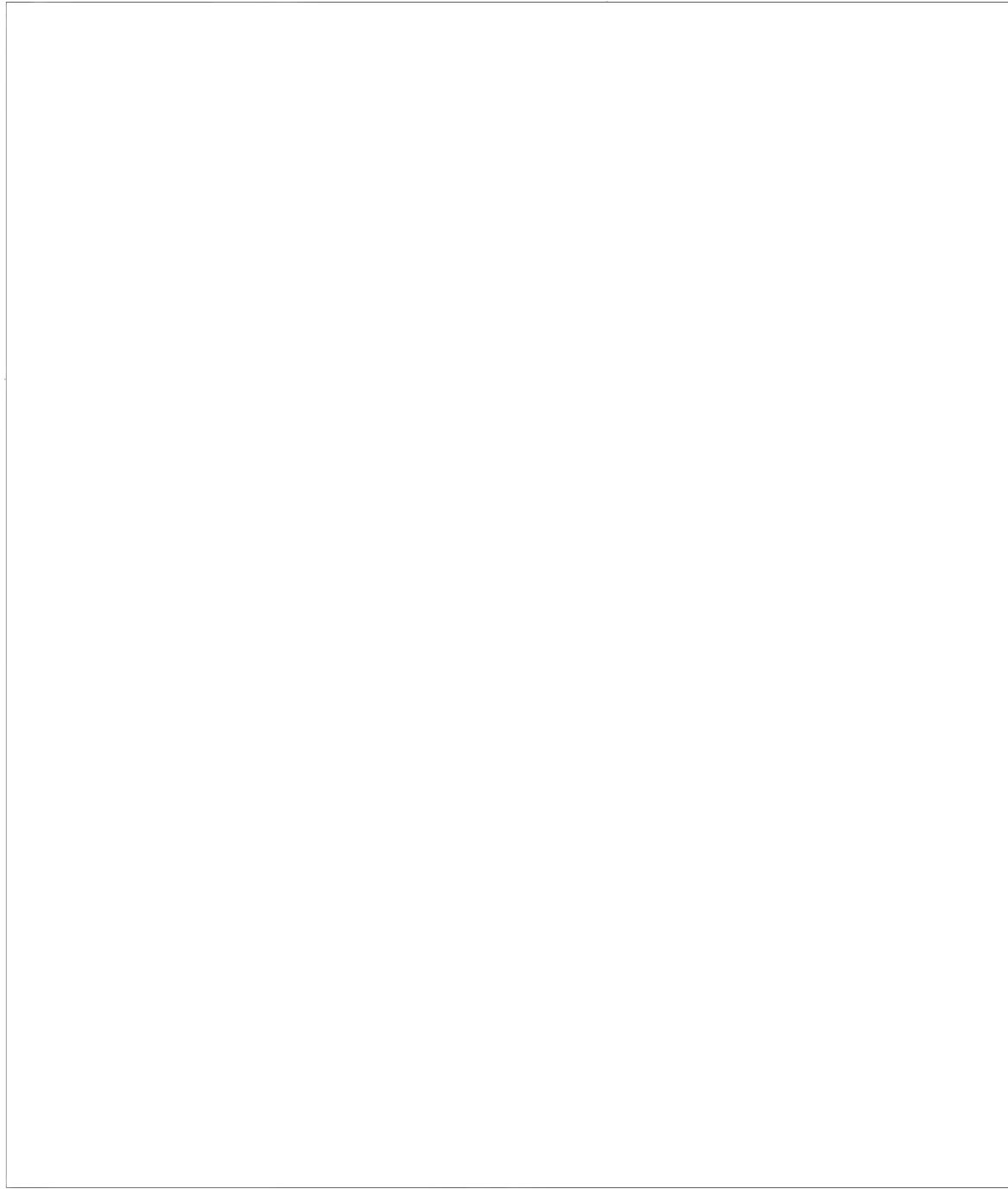


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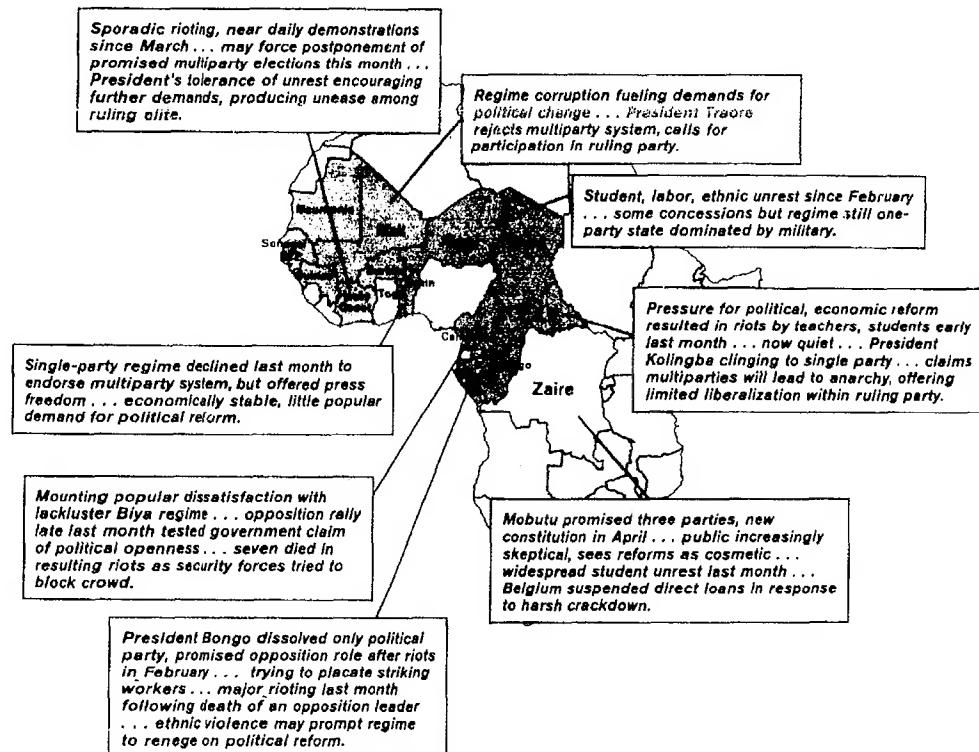
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Unrest in West Africa

Francophone country



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Special Analysis

WEST AFRICA: Reform and Unrest, Marching Hand-in-Hand

The recent unrest sweeping West and Central Africa—especially the Francophone countries—may lead to backtracking on political reforms. The lack of resources with which to ease resentment over corruption and economic austerity will nonetheless continue to undermine stability.

Recent rioting in once relatively stable countries such as Ivory Coast, Gabon, and Cameroon is rooted in rapidly deteriorating economic conditions, although it has included demands for political liberalization. Weak oil prices and the collapse of prices for coffee and cocoa have undone some of Africa's economic success stories. As living standards decline and unemployment rises, hostility toward the long-entrenched rulers and anger over austerity measures have ignited public protest.

In Ivory Coast, for example, successive strikes and demonstrations since March by various public-sector workers forced President Houphouet-Boigny to suspend IMF-backed wage and employment reductions. New austerity measures announced last week avoid controversial cutbacks but are unlikely to ameliorate underlying economic problems.

Political Demands on the Rise

Economic grievances have spilled over into demands for far-reaching political reforms, including the removal of out-of-touch leaders and the adoption of multiparty democracy. Lacking resources

such leaders as Houphouet-Boigny and Gabon's President Bongo have promised political change in gradual steps in the hope of appeasing critics while maintaining control of the process.

Many African governments fear that, without progress toward political liberalization, they will lose Western aid and investment to the newly emerging democracies in Eastern Europe. The regimes do not intend to relinquish power, however, and are likely to backtrack on reform rather than risk losing control. Zaire's President Mobutu already has stepped back from announced moves toward political pluralism: he has shifted authority from technocrats in the cabinet to cronies in the presidency, while security forces have brutally suppressed opposition and student demonstrations.

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Pressure for political liberalization will aggravate underlying ethnic and regional tensions held in check by autocratic leaders. Few if any of the political groups now organizing appear able to create broadly based parties that could win elections, establish governments, and sustain commitments to economic reform. Gabon's movement toward pluralism recently resulted in intertribal violence following the death of a leading opposition figure. Several leaders continue to insist that only one-party states can contain longstanding local rivalries that bedevil the region, and they have been quick to head off any sign of political unrest.

Diminishing French Interest

While non-Francophone Africans also seek political and economic change, the most serious unrest has occurred in France's former colonies. These countries share a history of relying on Paris to bail them out of economic difficulties without insisting on fundamental reform. As Paris reevaluates its role in Africa, assistance is likely to fall short of its clients' expectations because of French budgetary concerns, competing interests in Eastern Europe, and decreasing commercial interest in Francophone Africa.

France is likely to offer former colonies debt-relief schemes but probably will demand closer links between assistance and economic reform. On security issues, President Mitterrand wants to avoid taking sides in internal conflicts and probably will intervene only if French lives or substantial commercial interests are at stake—as in Gabon, where French troops recently evacuated threatened expatriates—or where external threats exist, as in Chad.

No Relief in Sight

African leaders will find it harder and harder to balance popular demands for economic concessions and political change with calls for more reform by international lenders. Further unrest is likely in a region already prone to coups, and some longtime leaders friendly to the US may pass from the scene. Facing scarce resources and hard choices, many desperate regimes are likely to look first toward satisfying the demands of key backers in the military and security services and crack down harshly on protest and opposition activity.

The last three paragraphs in the foregoing Special Analysis were inadvertently omitted from the Daily of 2 June.

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